APPENDIX C

UNITED STATES CODE
TITLE 15. COMMERCE AND TRADE
CHAPTER 22 — TRADEMARKS
SUBCHAPTER III — GENERAL PROVISIONS

§ 1114. Remedies; infringement; innocent infringement by printers and publishers

(1) Any person who shall, without the consent of the registrant —

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) of this section, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

As used in this subsection, the term "any person" includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State

acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

(2) Notwithstanding any other provision of this chapter, the remedies given to the owner of a right infringed under this chapter or to a person bringing an action under section 1125(a) of this title shall be limited as follows:

(A) Where an infringer or violator is engaged solely in the business of printing the mark or violating matter for others and establishes that he or she was an innocent infringer or innocent violator, the owner of the right infringed or person bringing the action under section 1125(a) of this title shall be entitled as against such infringer or violator only to an injunction against future printing.

(B) Where the infringement or violation complained of is contained in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical or in an electronic communication as defined in section 2510(12) of Title 18, the remedies of the owner of the right infringed or person bringing the action under section 1125(a) of this title as against the publisher or distributor of such newspaper, magazine, or other similar periodical or electronic communication shall be limited to an injunction against the presentation of such advertising matter in future issues of such newspapers, magazines, or other similar periodicals or in future transmissions of such electronic communications.

The limitations of this subparagraph shall apply only to innocent infringers and innocent violators.

(C) Injunctive relief shall not be available to the owner of the right infringed or person bringing the action under section 1125(a) of this title with respect to an issue

of a newspaper, magazine, or other similar periodical or an electronic communication containing infringing matter or violating matter where restraining the dissemination of such infringing matter or violating matter in any particular issue of such periodical or in an electronic communication would delay the delivery of such issue or transmission of such electronic communication after the regular time for such delivery or transmission, and such delay would be due to the method by which publication and distribution of such periodical or transmission of such electronic communication is customarily conducted in accordance with sound business practice, and not due to any method or device adopted to evade this section or to prevent or delay the issuance of an injunction or restraining order with respect to such infringing matter or violating matter.

(D) As used in this paragraph —

(i) the term "violator" means a person who violates section 1125(a) of this title; and

(ii) the term "violating matter" means matter that is the subject of a violation under section 1125(a) of this title.

UNITED STATES CODE
TITLE 15. COMMERCE AND TRADE
CHAPTER 22 — TRADEMARKS
SUBCHAPTER III — GENERAL PROVISIONS

§ 1116. Injunctive relief

(a) Jurisdiction; service

The several courts vested with jurisdiction of civil actions arising under this chapter shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent and Trademark Office or to prevent a violation under section 1125(a) of this title. Any such injunction may include a provision directing the defendant to file with the court and serve on the plaintiff within thirty days after the service on the defendant of such injunction, or such extended period as the court may direct, a report in writing under oath setting forth in detail the manner and form in which the defendant has complied with the injunction. Any such injunction granted upon hearing, after notice to the defendant, by any district court of the United States, may be served on the parties against whom such injunction is granted anywhere in the United States where they may be found, and shall be operative and may be enforced by proceedings to punish for contempt, or otherwise, by the court by which such injunction was granted, or by any other United States district court in whose jurisdiction the defendant may be found.

(b) Transfer of certified copies of court papers

The said courts shall have jurisdiction to enforce said injunction, as provided in this chapter, as fully as if the injunction had been granted by the district court in which it is sought to be enforced. The clerk of the court or judge

granting the injunction shall, when required to do so by the court before which application to enforce said injunction is made, transfer without delay to said court a certified copy of all papers on file in his office which said injunction was granted.

(c) Notice to Commissioner

It shall be the duty of the clerks of such courts within one month after the filing of any action, suit, or proceeding involving a mark registered under the provisions of this chapter to give notice thereof in writing to the Commissioner setting forth in order so far as known the names and addresses of the litigants and the designating number or numbers of the registration or registrations upon which the action, suit, or proceeding has been brought, and in the event any other registration be subsequently included in the action, suit, or proceeding by amendment, answer, or other pleading, the clerk shall give like notice thereof to the Commissioner, and within one month after the judgment is entered or an appeal is taken the clerk of the court shall give notice thereof to the Commissioner, and it shall be the duty of the Commissioner on receipt of such notice forthwith to endorse the same upon the file wrapper of the said registration or registrations and to incorporate the same as a part of the contents of said file wrapper.

(d) Civil actions arising out of use of counterfeit marks

(1)(A) In the case of a civil action arising under section 1114(1)(a) of this title or section 380 of Title 36 with respect to a violation that consists of using a counterfeit mark in connection with the sale, offering for sale, or distribution of goods or services, the court may, upon ex parte application, grant an order under subsection (a) of this section pursuant to this subsection providing for the seizure of goods and counterfeit marks involved in such violation and the means of making such marks, and records docu-

menting the manufacture, sale, or receipt of things involved in such violation.

(B) as used in this subsection the term "counterfeit mark" means–

(i) a counterfeit of a mark that is registered on the principal register in the United States Patent and Trademark Office for such goods or services sold, offered for sale, or distributed and that is in use, whether or not the person against whom relief is sought knew such mark was so registered; or

(ii) a spurious designation that is identical with, or substantially indistinguishable from, a designation as to which the remedies of this chapter are made available by reason of section 380 of Title 36;

but such term does not include any mark or designation used on or in connection with goods or services of which the manufacture [She] or producer was, at the time of the manufacture or production in question authorized to use the mark or designation for the type of goods or services so manufactured or produced, by the holder of the right to use such mark or designation.

(2) The court shall not receive an application under this subsection unless the applicant has given such notice of the application as is reasonable under the circumstances to the United States attorney for the judicial district in which such order is sought. Such attorney may participate in the proceedings arising under such application if such proceedings may affect evidence of an offense against the United States. The court may deny such application if the court determines that the public interest in a potential prosecution so requires.

(3) The application for an order under this subsection shall–

(A) be based on an affidavit or the verified complaint establishing facts sufficient to support the findings of fact and conclusions of law required for such order; and

(B) contain the additional information required by paragraph (5) of this subsection to be set forth in such order.

(4) The court shall not grant such an application unless–

(A) the person obtaining an order under this subsection provides the security determined adequate by the court for the payment of such damages as any person may be entitled to recover as a result of a wrongful seizure or wrongful attempted seizure under this subsection; and

(B) the court finds that it clearly appears from specific facts that —

(i) an order other than an ex parte seizure order is not adequate to achieve the purposes of section 1114 of this title;

(ii) the applicant has not publicized the requested seizure;

(iii) the applicant is likely to succeed in showing that the person against whom seizure would be ordered used a counterfeit mark in connection with the sale, offering for sale, or distribution of goods or services;

(iv) an immediate and irreparable injury will occur if such seizure is not ordered;

(v) the matter to be seized will be located at the place identified in the application;

(vi) the harm to the applicant of denying the application outweighs the harm to the legitimate interests of the person against whom seizure would be ordered of granting the application; and

(vii) the person against whom seizure would be ordered, or persons acting in concert with such person, would destroy, move, hide, or otherwise make such matter inaccessible to the court, if the applicant were to proceed on notice to such person.

(5) An order under this subsection shall set forth —

(A) the findings of fact and conclusions of law required for the order;

(B) a particular description of the matter to be seized, and a description of each place at which such matter is to be seized;

(C) the time period, which shall end not later than seven days after the date on which such order is issued, during which the seizure is to be made;

(D) the amount of security required to be provided under this subsection; and

(E) a date for the hearing required under paragraph (10) of this subsection.

(6) The court shall take appropriate action to protect the person against whom an order under this subsection is directed from publicity, by or at the behest of the plaintiff, about such order and any seizure under such order.

(7) Any materials seized under this subsection shall be taken into the custody of the court. The court shall enter an appropriate protective order with respect to discovery by the applicant of any records that have been seized. The protective order shall provide for appropriate procedures to assure that confidential information contained in such records is not improperly disclosed to the applicant.

(8) An order under this subsection, together with the supporting documents, shall be sealed until the person against whom the order is directed has an opportunity to

contest such order, except that any person against whom such order is issued shall have access to such order and supporting documents after the seizure has been carried out.

(9) The court shall order that service of a copy of the order under this subsection shall be made by a Federal law enforcement officer (such as a United States marshal or an officer or agent of the United States Customs Service, Secret Service, Federal Bureau of Investigation, or Post Office) or may be made by a State or local law enforcement officer, who, upon making service, shall carry out the seizure under the order. The court shall issue orders, when appropriate, to protect the defendant from undue damage from the disclosure of trade secrets or other confidential information during the course of the seizure, including, when appropriate, orders restricting the access of the applicant (or any agent or employee of the applicant) to such secrets or information.

(10)(A) The court shall hold a hearing, unless waived by all the parties, on the date set by the court in the order of seizure. That date shall be not sooner than ten days after the order is issued and not later than fifteen days after the order is issued, unless the applicant for the order shows good cause for another date or unless the party against whom such order is directed consents to another date for such hearing. At such hearing the party obtaining the order shall have the burden to prove that the facts supporting findings of fact and conclusions of law necessary to support such order are still in effect. If that party fails to meet that burden, the seizure order shall be dissolved or modified appropriately.

(B) In connection with a hearing under this paragraph, the court may make such orders modifying the time limits for discovery under the Rules of Civil Procedure as may be necessary to prevent the frustration of the purposes of such hearing.

(11) A person who suffers damage by reason of wrongful seizure under this subsection under this subsection has a cause of action against the applicant for the order under which such seizure was made, and shall be entitled to recover such relief as may be appropriate, including damages for lost profits, cost of materials, loss of good will, and punitive damages in instances where the seizure was sought in bad faith, and, unless the court finds extenuating circumstances, to recover a reasonable attorney's fee. The court in its discretion may award prejudgment interest on relief recovered under this paragraph, at an annual interest rate established under section 6621 of Title 26, commencing on the date of service of the claimant's pleading setting forth the claim under this paragraph and ending on the date such recovery is granted, or for such shorter time as the court deems appropriate.

UNITED STATES CODE
TITLE 15. COMMERCE AND TRADE
CHAPTER 22 — TRADEMARKS
SUBCHAPTER III — GENERAL PROVISIONS

§ 1117. Recovery for violation of rights

(a) Profits, damages and costs; attorney fees

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, or a violation under section 1125(a) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to provide defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

(b) Treble damages for use of counterfeit mark

In assessing damages under subsection (a) of this section, the court shall, unless the court finds extenuating circumstances, enter judgment for three times such profits or damages, whichever is greater, together with a reasonable

attorney's fees, in the case of any violation of section 1114(1)(a) of this title or section 380 of Title 36 that consists of intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark (as defined in section 1116(d) of this title), in connection with the sale, offering for sale, or distribution of goods or services. In such cases, the court may in its discretion award prejudgment interest on such amount at an annual interest rate established under section 6621 of Title 26, commencing on the date of the service of the claimant's pleadings setting forth the claim for such entry and ending on the date such entry is made, or for such shorter time as the court deems appropriate.

(c) Election of award of statutory damages

In a case involving the use of a counterfeit mark (as defined in section 1116(d) of this title) in connection with the sale, offering for sale, or distribution of goods or services, the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits under subsection (a) of this section, an award of statutory damages for any such use in connection with the sale, offering for sale, or distribution of goods or services in the amount of —

(1) not less than $500 or more than $100,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just; or

(2) if the court finds that the use of the counterfeit mark was willful, not more than $1,000,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just.

UNITED STATES CODE
TITLE 15 COMMERCE AND TRADE
CHAPTER 22 — TRADEMARKS

Subchapter III — General Provisions

§ 1127. Construction and definitions; intent of chapter

In the construction of this chapter, unless the contrary is plainly apparent from the context —

The United States includes and embraces all territory which is under its jurisdiction and control.

The word "commerce" means all commerce which may lawfully be regulated by Congress.

The term "principal register" refers to the register provided for by sections 1051 to 1072 of this title, and the term "supplemental register" refers to the register provided for by sections 1091 to 1096 of this title.

The term "person" and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this chapter includes a juristic person as well as a natural person. The term "juristic person" includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law.

The term "person" also includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

The terms "applicant" and "registrant" embrace the legal representatives, predecessors, successors and assigns of such applicant or registrant.

The term "Commissioner" means the Commissioner of Patents and Trademarks.

The term "related company" means any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used.

The terms "trade name" and "commercial name" mean any name used by a person to identify his or her business vocation.

The term "trademark" includes any word, name, symbol, or device, or any combination thereof —

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter,

to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

The term "service mark" means any word, name, symbol, or device, or any combination thereof —

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter,

to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown. Titles, character names, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.

The term "certification mark" means any word, name, symbol, or device, or any combination thereof —

(1) used by a person other than its owner, or

(2) which its owner has a bona fide intention to permit a person other than the owner to use in commerce and files an application to register on the principal register established by this chapter, to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.

The term "collective mark" means a trademark or service mark —

(1) used by the members of a cooperative, an association, or other collective group or organization, or

(2) which such cooperative, association, or other collective group or organization has a bone fide intention to use in commerce and applies to register on the principal register established by this chapter, and includes marks indicating membership in a union, an association, or other organization.

The term "mark" includes any trademark, service mark, collective mark, or certification mark.

The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce —

(1) on goods when —

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the

goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

A mark shall be deemed to be "abandoned" if either of the following occurs:

(1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. "Use" of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.

The term "dilution" means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of —

(1) competition between the owner of the famous mark and other parties, or

(2) likelihood of confusion, mistake, or deception.

The term "colorable imitation" includes any mark which so resembles a registered mark as to be likely to cause confusion or mistake or to deceive.

The term "registered mark" means a mark registered in the United States Patent and Trademark Office under this chapter or under the Act of March 3, 1881, or the Act of February 20, 1905, or the Act of March 19, 1920. The phrase "marks registered in the Patent and Trademark Office" means registered marks.

The term "Act of March 3, 1991", "Act of February 20, 1905", or "Act of March 19, 1920," means the respective Act as amended.

A "counterfeit" is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.

Words used in the singular include the plural and vice versa.

The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trade-marks, trade names, and unfair competition entered into between the United States and foreign nations.

OPPOSITION

BRIEF

(2)

Supreme Court, U.S.
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No. 97-2

IN THE

Supreme Court of the United States

OCTOBER TERM, 1997

WESTINGHOUSE ELECTRIC CORPORATION,
Petitioner,

vs.

GENERAL CIRCUIT BREAKER & ELECTRIC SUPPLY INC., et al.,
Respondents.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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RESTATEMENT OF QUESTIONS PRESENTED

1. DID THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT (HEREINAFTER "NINTH CIRCUIT" OR "COURT OF APPEALS") CORRECTLY AFFIRM THE UNITED STATES DISTRICT COURT OF THE CENTRAL DISTRICT OF CALIFORNIA (HEREINAFTER "TRIAL COURT" OR "DISTRICT COURT") DECISION WHICH BARRED WESTINGHOUSE ELECTRIC CORPORATION'S (HEREINAFTER "WESTINGHOUSE") CLAIM FOR 15 U.S.C. § 1117 COUNTERFEITING DAMAGES, EVEN THOUGH WESTINGHOUSE DID NOT KNOW THE TRADEMARKS USED WERE COPIES OF ORIGINALS, BECAUSE GENERAL CIRCUIT BREAKER AND ELECTRIC SUPPLY, INC. (HEREINAFTER "GCB") PROVED ITS EQUITABLE DEFENSES TO ALL WESTINGHOUSE'S 15 U.S.C. § 1114 TRADEMARK INFRINGEMENT CLAIMS?

2. WHETHER THE DISTRICT COURT INVADED THE PROVINCE OF THE JURY AFTER A VERDICT HAD BEEN RENDERED BY APPLYING THE FACTS FOUND BY THE JURY TO THE CORRECT LAW TO RENDER AN ERRONEOUS JURY INSTRUCTION HARMLESS?

RULE 29.6 STATEMENT

Respondent General Circuit Breaker and Electric Supply, Inc. has no parent corporation and no subsidiaries.

TABLE OF CONTENTS

Page

Restatement of Questions Presented i

Rule 29.6 Statement ii

Table of Authorities vi

Opinions Below 1

Statutory Provisions Involved 1

Counterstatement of the Case 2

Background Facts 3

Reasons for Denial of Westinghouse's Petition as to its First Question 8

A. The Trademark Counterfeiting Act Only Creates New Remedies and Does Not Create a Cause of Action Independent from § 1114 Infringement Liability 8

B. The Trial Court and the Ninth Circuit Determined that § 1114 Counterfeiting Liability Can be Established Without Duplication of the Mark 9

C. When Defenses Were Found to All § 1114 Claims, Then No Infringement Existed Upon Which to Grant Any Relief Including the "Counterfeiting" Relief Authorized by § 1117 11

D. Westinghouse Fails to Establish a Conflict Between the Ninth Circuit and the Eleventh Circuit 13

Reasons for Denial of Westinghouse's Petition as Its Second Question 15

A. The Ninth Circuit Found that an Error of Law Resulting in Inconsistent Verdicts Mandates a New Trial or Disrupting the Verdict Because the Court has a Duty to Apply the Correct Law 15

B. Verdicts Should Not be Allowed to Stand When They are Based Upon Incorrect Law and the Facts Found by the Jury can be Ascertained and Correctly Applied .. 17

C. The Jury's Fact Finding Role was Not Disturbed by the Trial Court's Ruling 18

D. The Inconsistency of the Verdicts is a Red Herring 19

E. No Theory Proposed by Westinghouse Explains the Inconsistency of the Verdicts in Light of the Jury Instructions 19

F. Westinghouse's Federal Rules of Civil Procedure Rule 50 Argument is Unavailable and Irrelevant 21

Conclusion 22

Appendix A - United States Code Title 15. Commerce and Trade Chapter 22 - Trademarks, Subchapter III - General Provisions, § 1125

Appendix B - California Code Business and Professions Section 17200

TABLE OF AUTHORITIES

Page

Cases

Adolph Coors Co. v. A. Genderson & Sons, Inc.,
486 F.Supp. 131 (D.Colo. 1980) 11

Aspen Skiing Co. v. Aspen Highlands Skiing Corp.,
472 U.S. 585, 86 L.Ed.2d 467,
105 S.Ct. 2847 (1985) 17

Babbit Elecs. v. Dynascan Corp.,
38 F.3d 1161 (11th Cir. Fla. 1994) 9, 13, 14

Burger King Corp. v. Mason,
710 F.2d 1480 (11th Cir. Fla. 1983) 11

California v. Roy,
136 L.Ed. 2d 266, 117 S.Ct. 337, 65
U.S.L.W. 3338, 96 C.D.O.S. 8037 (1996) 16

Carrella v. California,
491 U.S. 268, 109 S.Ct. 2419,
105 L.Ed.2d. 218 (1989) 16

Elmer v. ICC Fabricating,
67 F.3d 1571 (Fed Cir. 1995) 16

Gallick v. Baltimore & O.R. Co.,
372 U.S. 108, 9 L.Ed.2d 618,
83 S.Ct. 659 (1963) 7, 21

General Electric Co. v. Speicher,
877 F.2d 531 (7th Cir. Ind. 1989) 11

Interstate Battery Sys., Inc. v. Wright,
811 F.Supp. 237 (N.D.Tex. 1993) 11

Jurgens v. McKasy,
927 F.2d 1552, *cert. denied*,
502 U.S. 902, 116 L.Ed.2d.
232, 112 S.Ct. 281 (1991) 21

Landes Constr. Co. v. Royal Bank of Canada,
833 F.2d 1365 (9th Cir. 1987) 21

Parker v. Randolph,
442 U.S. 62, 60 L.Ed.2d 713,
99 S.Ct. 2132 (1979) 17

Ruyle v. Continental Oil Co.,
44 F.3d 837 (10th Cir. Okla. 1994),
cert. denied, 133 L.Ed.2d 193,
116 S.Ct. 272, 64 U.S.L.W. 3248 (1995) 22

Statutes

United States Code Title 15

§ 1114 ..... *passim*

§ 1114(1)(a) 13

§ 1116 ..... 8, 9

§ 1117 ..... *passim*

§ 1125 ..... 2, 12, 13, 19, 20

California Bus. & Prof. Code § 17200 ... 2, 12, 19, 20

Rules

Federal Rules of Civil Procedure

Rule 50 ..... 21, 22

Miscellaneous

Trademark Counterfeiting Act of 1984 (P.L. 98-473, 98 Stat. 2178) 8

9 C. Wright and Miller, Federal Practice and Procedure, § 2540 (1971) 22

Webster's Third New International Dictionary (1986) 7

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

Respondents, General Circuit Breaker and Electric Supply, Inc. and Xavier Contreras, (herein collectively referred to as "GCB"), respectfully pray that Westinghouse's Petition for Writ of Certiorari be denied.

OPINIONS BELOW

The opinion of the United States Court of Appeals for the Ninth Circuit affirming the United States District Court for the Central District of California is reported at 106 F.3d 894 (see CR Appendix A).[1] The Order of the Court of Appeals denying the Petition for Rehearing with the Suggestion for a Rehearing En Banc appears at the end of the Westinghouse Petition at Appendix A. The opinion of the United States District Court for the Central District of California (the trial court), is reported at 852 F.Supp. 883 and is attached as Appendix B to Westinghouse's Petition.

STATUTORY PROVISIONS INVOLVED

The statutory provisions involved in this case include not only the provisions of the Lanham Act as

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[1] "CR" refers to Court Opinions and Statutes filed as appendices to Westinghouse's Petition for Writ of Certiorari.

stated by Westinghouse in its Petition (see CR Appendix C), but also include 15 U.S.C. § 1125 and Cal. Bus. & Prof. Code § 17200. (See Appendices A and B to GCB's Opposition attached hereto.)

COUNTERSTATEMENT OF THE CASE

In 1988, more than ten (10) years after establishing a purchaser/supplier relationship with respondent GCB, petitioner Westinghouse sued its supplier, GCB, for trademark infringement and unfair competition. GCB sold to Westinghouse reconditioned and repaired Westinghouse breakers for resale as replacement breakers. After trial in 1993, the jury returned "verdicts" barring Westinghouse's recovery for all claims under 15 U.S.C. § 1125 (federal unfair competition) and Cal. Bus. & Prof. Code § 17200 (state unfair competition) due to laches, acquiescence, estoppel, and unclean hands. The jury found for Westinghouse on its 15 U.S.C. § 1114 (hereinafter "§ 1114") trademark infringement claims; but, inconsistently, the jury did not find for GCB on its § 1114 equitable defenses claims, even though the jury found that GCB had proved the identical defenses for the broader state and federal unfair competition claims.

The District Court reviewed the jury instruction for the § 1114 claim and determined that the instruction was erroneous. In this unique case, the District Court was able to determine the facts found by the jury necessary to reach the undisputed unfair competition verdicts. By applying the facts from the undisputed verdicts to the correct law to all § 1114 claims, the

District Court corrected the effect of the erroneous instruction.

The District Court determined that all GCB's defenses were established to all § 1114 claims, including counterfeiting. The Ninth Circuit affirmed the District Court, noting the unusual and limited circumstances of this particular case. The Ninth Circuit also determined that the outcome of the case if retried would be inevitably the same as the outcome achieved by the District Court.

Background Facts

In 1988, 11 business entities were sued by Westinghouse. The three (3) corporate defendants which remain in this case are small, family owned, businesses which sell circuit breakers originally manufactured by Westinghouse and other manufacturers. GCB was formed in 1977 by respondent Xavier Contreras.[2] Contrary to the impression left by Westinghouse's Petition, none of the respondents remaining in this case including GCB, GMEW, PBS or

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[2] Xavier Contreras' late father, Charley Contreras, had been engaged in similar businesses since the mid-1950's, and Charley Contreras was a principal of General Magnetics/Electric Wholesale, also a defendant. Finally, defendant, Panelboard Specialties Wholesale Electric, Inc. was also formed by a son of Charley Contreras named Jaime Contreras. These principals and their companies are also respondents to Westinghouse's Petition for Writ of Certiorari.

their principals were ever charged with any criminal wrongdoing.[3] [4]

Westinghouse has been producing circuit breakers for decades. Periodically, it ceases production of certain styles or models. These obsolete models are generally no longer available from the original factories. When an obsolete breaker needs to be replaced in an existing electrical panel or installation, modern styles are not usually physically interchangeable.

If replacement obsolete breakers cannot be obtained, the entire electrical panel containing a number of circuit breakers must be replaced. Replacement of entire panels is more profitable for the manufacturer, but is understandably more expensive to the consumer. Respondents buy used and surplus breakers which they clean, test and recondition, if necessary, to supply the need for obsolete replacement breakers. These breakers have been proven to "perform effectively" and are safe. (See CR, Appendix A, p. 19a.) GCB provided, at the request of Westinghouse, product liability coverage by naming Westinghouse as a co-insured and submitting to Westinghouse evidence of insurance, but GCB has never had a claim filed against it.

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[3] However, Westinghouse was investigated and determined by the Nuclear Regulatory Commission to have knowingly sold reconditioned material to suppliers for nuclear power installations with false certifications that the reconditioned breakers were new.

[4] It should also be noted that although Charley Contreras, Xavier Contreras and Jaime Contreras are related, their respective businesses are independent competitors with one another.

Westinghouse was GCB's largest customer for reconditioned replacement breakers. GCB was an approved vendor to at least 170 Westinghouse locations for over ten (10) years. GCB sold to Westinghouse on at least 3,989 separate occasions resulting in approximately $1.4 million dollars in sales. At least 557 Westinghouse sales employees were involved in transactions with GCB. Westinghouse management informed its sales people about GCB as a source for obsolete breakers. Indeed, Westinghouse employees continued to buy from GCB even after Westinghouse sued GCB. Westinghouse employees testified that they were satisfied with the product they received from GCB.

GCB disclosed to its customers the nature and condition of the products it was selling. Many witnesses, including Westinghouse employees, testified that they assumed that obsolete breakers found in the marketplace, must be used or reconditioned. Westinghouse employees did not make a regular effort to disclose the reconditioned nature of the goods they purchased from GCB and resold to their customers. Indeed, Westinghouse knowingly purchased thousands of reconditioned breakers from GCB over a ten (10) year period but never labeled or provided disclosure information on the invoices sent to Westinghouse's customers.[5]

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[5] Westinghouse reconditioned and resold obsolete breakers from its Beckley, West Virginia, facility for many years prior to this lawsuit. Westinghouse also opened a "Special Operations Center" soon after this lawsuit was filed to recondition more breakers and to compete directly with GCB. Reconditioned, recalibrated or repaired breakers have long been accepted as an alternative to

GMEW, PBS and GCB are well known throughout the nation as sources for obsolete, used and reconditioned circuit breakers. Indeed, GCB advertised extensively using "line cards" which described the products GCB sold as new and used. These line cards were sent to every Westinghouse location by GCB. These line cards showed pictures of GCB's technicians reconditioning circuit breakers.

GCB's advertising also included booths at national industry trade shows beginning in the early 1980's. In fact, at one tradeshow, Westinghouse's booth was only six (6) booths away from GCB's booth. Not only did GCB display reconditioned and relabeled obsolete Westinghouse breakers at its booth, but also GCB employees described the nature of GCB's products to the Westinghouse representatives when they visited GCB's displays. As a part of GCB's booth, large photographs were displayed including one which depicted GCB's employees working on disassembled circuit breakers.

By advertising its products and services in convention media and trade publications as early as 1981, GCB received numerous inquiries from Westinghouse. Indeed, Westinghouse was advertising in the same media. GCB advertised itself as a dealer in used and rebuilt equipment in industry directories while Westinghouse is listed as a "manufacturer" in the same directories.

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replacing entire electrical systems.

As a part of the reconditioning process, GCB would replace illegible or faded labels with labels provided by Westinghouse employees or labels GCB had printed. When the original labels were in good shape, GCB left them on the breakers. A circuit breaker's label includes necessary electrical information such as voltage and amperage ratings and AIC numbers.

Despite these facts, Westinghouse sued GCB. After the four (4) month trial, the jury answered a verdict form. Both Westinghouse and GCB prepared briefs objecting to obvious inconsistencies in the verdicts and argued to the trial court a number of available options. **Westinghouse admonished the trial court to let the inconsistent verdicts stand or harmonize the verdicts as alternatives to remanding for a new four (4) month trial.** Westinghouse was willing to have the trial court "harmonize the verdicts" by exegesis if necessary as long as Westinghouse agreed with the result. (***See Gallick v. Baltimore & O.R. Co.***, 372 U.S. 108, 119, 9 L.Ed.2d 618, 83 S.Ct. 659 (1963).[6] Now, Westinghouse demands that legally and factually inconsistent verdicts be reinstated or that a new trial be held whose outcome is mandated by the undisputed verdicts.

The District Court, alerted by the inconsistent verdicts, examined the jury instructions and determined that the jury had been erroneously instructed by an instruction championed by Westinghouse. This

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[6] "Exegesis" - critical interpretation of a text or portion of scripture. Webster's Third New International Dictionary (Unabridged)(1986).

erroneous instruction was outcome determinative. The District Court was faced with another lengthy, expensive trial whose outcome was predetermined by the undisputed jury verdicts if the error could not be rendered harmless.

The District Court, as affirmed by the Ninth Circuit, in this rare circumstance was able to determine the implicit and logically singular, factual findings determined by the jury by comparing the jury instructions and the undisputed verdicts. The District Court rendered a new trial unnecessary by assuming the jury followed the instructions given to it. The District Court did identify the only possible logically consistent facts determined by the jury with the jury instructions as given.

REASONS FOR DENIAL OF WESTINGHOUSE'S PETITION AS TO ITS FIRST QUESTION

A. The Trademark Counterfeiting Act Only Creates New Remedies and Does Not Create a Cause of Action Independent from § 1114 Infringement Liability

Westinghouse's Petition states that the concern in enacting the Trademark Counterfeiting Act of 1984 was to remedy the "traditional ineffectiveness" of trademark remedies. (See Westinghouse Petition, p. 9.) As such, the Act provided for ex parte seizure orders and defined "counterfeit" for purposes of 15 U.S.C. § 1116 (injunctive relief) and § 1117 (treble damages). (See CR Appendix C.)

However, neither §§ 1116 or 1117 creates a cause of action independent from § 1114 (trademark infringement). **The essential element of a "counterfeiting" violation is the predicate finding of trademark infringement liability under 15 U.S.C. § 1114.** Only if no defenses are found to the predicate § 1114 infringement liability and the additional "counterfeiting" elements including intent are proved do the § 1117 remedies apply. (*See Babbit Elecs. v. Dynascan Corp.*, 38 F.3d 1161, 1181 (11th Cir. Fla. 1994.) (§ 1117 damages are granted after § 1114 liability is established and when no defenses have been proved and then only when additional elements including intent are found by the court.)

Further, Westinghouse's argument is inherently flawed in that specific intent is required to invoke § 1117 remedies. The jury was never instructed as to the correct intent element which requires a showing of intent to deceive and therefore the "counterfeiting" verdict as Westinghouse claims under § 1117 is unfounded and unsound and cannot be reinstated as it stands.

B. The Trial Court and the Ninth Circuit Determined that § 1114 Counterfeiting Liability Can be Established Without Duplication of the Mark

Westinghouse's contention here and in the Courts below is that "counterfeiting" under the damages provisions of 15 U.S.C. § 1117 is an independent cause of action which has only one element to which equitable defenses must apply: the physical duplication of a mark.

Westinghouse claims that general equitable defenses to § 1114 trademark infringement do not apply to claims which involve the remedies of § 1117. Presumably, under this rational, § 1114's "reproducing", "copying", or "colorably imitating" a mark are also each separate causes of action which require some unique defense, in addition to § 1114 defenses. This statutory interpretation inevitably leads to the anomalous result that, while knowing of the general use of its mark for an extended period of time, a plaintiff could be barred from a remedy because it knew of the use of a "copied" mark but not barred from a remedy because it did not know of the use of an "imitated" mark.

Westinghouse's argument ignores the foundation for trademark infringement liability under § 1114 which is the likelihood of confusion. § 1114 liability requires a use of a mark in such a way as to cause the likelihood of confusion and § 1114 is subject to all provable equitable defenses.

Westinghouse's argument acknowledges that it knew for many years that the respondents were using the Westinghouse mark on reconditioned goods in such a way as to confuse the public and did nothing about. Westinghouse does not dispute the jury findings that the respondents acted with Westinghouse's acquiescence and even active support, but asserts respondents should be liable for relabeling some reconditioned breakers with copied labels.

The Ninth Circuit considered this argument and rejected it saying that § 1114 liability for "counterfeiting" does not hinge upon the duplication of the mark, rather

liability is based upon the use of a trademark, be it original or reproduced, in a way that is likely to cause confusion. The Ninth Circuit cited cases from many Circuits in agreement with this proposition. By contrast, Westinghouse fails to cite even a single Circuit which disagrees. Indeed, the Ninth Circuit relied upon the same cases relied upon by Westinghouse for the proposition that duplication of the original mark was not an element of trademark infringement. *See Burger King Corp. v. Mason*, 710 F.2d 1480, 1491 (11th Cir. Fla. 1983); *General Electric Co. v. Speicher*, 877 F.2d 531, 534 (7th Cir. Ind. 1989); *Interstate Battery Sys., Inc. v. Wright*, 811 F.Supp.237, 244 (N.D.Tex. 1993); *Adolph Coors Co. v. A. Genderson & Sons, Inc.*, 486 F.Supp. 131, 135 (D.Colo 1980).

The Ninth Circuit states that the use of the mark is the operative wrong, not copying a mark, because goods which bear noncopied marks have been found to be infringing. Copying is not the operative ill sought to be addressed by the Lanham Act. Confusion is the operative ill addressed by the Lanham Act.

Just as likelihood of confusion was determined to be the keystone for liability, knowledge of and acquiescence to the use of the mark provide the keystones for some of the defendants' equitable defenses.

C. When Defenses Were Found to All § 1114 Claims, Then No Infringement Existed Upon Which to Grant Any Relief Including the "Counterfeiting" Relief Authorized by § 1117

Defendants proved their defenses to all trademark infringement claims as shown by the jury's findings to the Lanham Act, 15 U.S.C. § 1125 claims and the Cal. Bus. & Prof. Code § 17200 claims. (See CR Appendix A, p. 14a.) The defenses established to the 15 U.S.C. § 1125 unfair competition claims and the state Cal. Bus. & Prof. Code § 17200 unfair competition claims are not disputed by Westinghouse. These claims and defenses encompass all acts, including all trademark infringements, which engender a likelihood of confusion. Remarking on the District Court opinion, the Ninth Circuit stated:

> "The District Court observed that 'evidence [that the affirmative defenses applied to the unfair competition claim] also should have mandated the same result on the [trademark counterfeiting] claim, since [an unfair competition] claim completely subsumes a [trademark counterfeiting] claim.'"

(CR Appendix A, p. 7a.)

The defendants proved their defenses to all § 1114 claims as demonstrated by the all encompassing jury verdicts on the unfair competition claims. Given that "duplication of the mark" is not an element of a § 1114 claim, the defendants were found to have proved

their defenses to all trademark infringement claims. Upon retrial, the undisputed § 1125 verdicts would govern findings as to all § 1114 claims automatically proving GCB's defenses to any § 1114 claim.

D. Westinghouse Fails to Establish a Conflict Between the Ninth Circuit and the Eleventh Circuit

Westinghouse cites *Babbit Elecs. v. Dynascan Corp.*, 38 F.3d 1161 (11th Cir. Fla. 1994) for the proposition that the Eleventh Circuit recognizes a separate § 1117 "counterfeiting" claim. This case clearly does not establish a "counterfeiting" cause of action. In *Babbit*, the court's discussion only turned to "counterfeiting" remedies after § 1114 liability was established. The Eleventh Circuit stated:

> "In order for Dynascan to prevail on its counterfeiting claim **it must demonstrate that Babbit infringed a registered trademark in violation of 15 U.S.C. § 1114(1)(a)**, and it must prove that Babbit 'intentionally used a mark, knowing such mark is a counterfeit mark'. **This Court has determined that Babbit infringed registered marks in violation of 15 U.S.C. § 1114(1)(a)**." (Emphasis added)

Only after establishing liability to a § 1114 claim without defenses did the court in *Babbit* consider the § 1117 remedies for "counterfeiting".

Babbit is totally unlike the Westinghouse case in that respondents proved their defenses to all claims involving the likelihood of confusion including all § 1114 claims.

The Ninth Circuit acknowledged this by saying,

> ". . . The defendants escaped liability in this case only because they proved Westinghouse knew or should have known they were using the Westinghouse trademark."

(CR Appendix A, p. 14a.)

The Ninth Circuit never reached "counterfeiting" remedies because the respondents proved their defenses to the underlying § 1114 claims. This position is consistent with *Babbit* because the Eleventh Circuit reached the § 1117 remedies because § 1114 liability was established and no defenses were proved.

Westinghouse's Petition for Writ of Certiorari should be denied because the Ninth Circuit's decision is faithful to statutes and the precedents established by this Court and the other Circuits which have considered these issues. The intercircuit conflict

alleged by Westinghouse's Petition does not exist.

REASONS FOR DENIAL OF WESTINGHOUSE'S PETITION AS TO ITS SECOND QUESTION

A. The Ninth Circuit Found that an Error of Law Resulting in Inconsistent Verdicts Mandates a New Trial or Disrupting the Verdict Because the Court has a Duty to Apply the Correct Law

As the Ninth Circuit observed, "juries find the facts and judges determine the law." (CR Appendix A, p. 14a.)

> "To correct the instructional error, the district court examined the pattern of jury verdicts, determined the facts necessarily found by the jury in reaching those verdicts, **and applied the correct law** to those implicit factual findings. **This application led the district court to set aside the jury's verdict on the trademark infringement claim and enter judgment in favor of the defendants.**"

(CR Appendix A, p. 5a.)

An outcome determinative error had been made because one of the jury instructions was erroneous. (CR Appendix A, pp. 8a-9a.) Certainly the appellate court is allowed to review the legal standards applied by the jury in reaching its verdict. *See Elmer v. ICC Fabricating*, 67 F.3d 1571, 1574 (Fed Cir. 1995). The trial court is responsible to see that the jury is correctly instructed with the correct legal standards.

The trial court determined that the instructions given to the jury contained an error of law and that error did indeed affect the determination of the jury. This error was prejudicial and a new trial would be required unless the error could be rendered harmless. (See CR Appendix A, p. 9a.)

The Ninth Circuit, quoting this Court, stated in its opinion: "Justice Scalia explained that a flawed jury instruction is harmless if, despite the error, the court can determine that the jury necessarily found the elements . . . ." (CR Appendix A at p. 17a citing *Carrella v. California*, 491 U.S.268, 271, 109 S.Ct. 2419, 2423-24, 105 L.Ed.2d. 218 (1989) (Scalia, J., concurring); *see also California v. Roy*, 136 L.Ed. 2d 266, 117 S.Ct. 337, 65 U.S.L.W. 3338, 96 C.D.O.S. 8037 (1996) (Scalia, J., concurring) (noting that an instructional error is harmless where the jury verdict on other points effectively embraces the elements affected by the error). (CR Appendix A, p. 17a.) Faced with a new trial in which the outcome for the defendants would be mandated by the uncontested affirmative defenses, the trial court ascertained the facts determined by the jury as instructed on the

uncontested verdicts and applied the correct law to those facts as to the § 1114 claims. (CR Appendix A, p. 17a.)

B. Verdicts Should Not be Allowed to Stand When They are Based Upon Incorrect Law and the Facts Found by the Jury can be Ascertained and Correctly Applied

Westinghouse argues here as it did to the Ninth Circuit that the jury's mind is unknowable. However, as the Ninth Circuit notes, this argument is founded upon the basic assumption that it is impossible to draw logical inferences from the jury verdicts, and that juries do not follow instructions. (CR Appendix A, p. 18a.) This Court's precedent mandates that litigants assume that juries follow the instructions given to them. *See Aspen Skiing Co. v. Aspen Highlands Skiing Corp.*, 472 U.S. 585, 604, 86 L.Ed.2d 467, 105 S.Ct. 2847, 2858, (1985); *see also Parker v. Randolph*, 442 U.S. 62, 75 n.7, 60 L.Ed.2d 713, 99 S.Ct.2132, 2141 n.7 (1979). (Justice White's dissent indicates "The 'rule'-indeed, the premise upon which the system of jury trials functions under the American judicial system - is that juries can be trusted to follow the trial court's instructions.") In this case, because the jury followed instructions, its "mind" is discernable from the results.

Here, the District Court and the Ninth Circuit found that it is possible under these limited circumstance to determine the facts necessarily found by the jury by examining the instructions given to them, assuming the jury followed the instructions, examining the result and determining the facts which

necessarily were found to achieve the result. (CR Appendix A, p. 18a.) By so doing, the District Court and the Ninth Circuit determined that the error in the law given to the jury could be rendered harmless.

C. The Jury's Fact Finding Role was Not Disturbed by the Trial Court's Ruling

The trial court, by reviewing the instructions given to the jury, was able to determine facts established by the jury. The Ninth Circuit traced the same path to conclude that

> "[T]he jury found facts when it found the defendants had established affirmative defenses to Westinghouse's unfair competition claim. Specifically, in accord with the correct portion of instruction 65, the jury determined that Westinghouse knew or should have known 'the defendants were selling used and reconditioned Westinghouse molded case circuit breakers without adequate disclosure of their condition.'"

(See CR Appendix A, p. 15a.)

This finding of fact is essential to a finding on the unfair competition claim. (See Westinghouse Petition, p. 12.) Because the law mandates the same defenses be applied to all § 1114 trademark counterfeiting claims, the trial court could correctly apply factual findings from the jury to the correct law.

D. The Inconsistency of the Verdicts is a Red Herring

Westinghouse devotes a paragraph and a footnote attempting to explain that the verdicts were not inconsistent and then several pages explaining why inconsistent verdicts should be allowed to stand. Clearly, the verdicts here were inconsistent in that a finding for the defendants as to all acts constituting unfair competition under both the Federal and State Statutes (15 U.S.C. § 1125 and Cal. Bus. & Prof. Code § 17200) clearly encompass all acts of trademark infringement under 15 U.S.C. § 1114. Both the District Court and Ninth Circuit acknowledge this conflict. (CR Appendix A, p. 7a.) However, given that the inconsistency was due to an error of law rather than an error of fact, the inconsistency was a flag to the Courts that there was a problem.

E. No Theory Proposed by Westinghouse Explains the Inconsistency of the Verdicts in Light of the Jury Instructions

Westinghouse argues here, as it did to the Ninth Circuit, that there are several explanations for the original verdicts which render them consistent. These arguments were rejected by the Ninth Circuit

and should be rejected here. (CR Appendix A, pp. 17a-18a.)

Westinghouse proposes that the jury could have determined that Westinghouse knew or should have known about the respondents' sale of reconditioned circuit breakers without disclosing their condition, but that Westinghouse did not know of the copying of its original labels which Westinghouse maintains is an independent wrong. This theory fails as a matter of law for the same reasons as discussed above. No independent cause of action arises from the copying of labels. A "counterfeiting" remedies question is never addressed until there is an undefended trademark infringement.

In this case the jury found defenses to all trademark infringements through their findings in connection with the § 1125 claims and the Cal. Bus.& Prof. Code § 17200 claims. Indeed, Westinghouse's own first hypothetical theory is internally inconsistent because it gives full defenses to the § 1114 claims so no "counterfeiting" liability can exist. Therefore, the copying of labels becomes irrelevant.

Westinghouse's second hypothetical theory is equally unavailing. The jury was strictly instructed that it could not find **any defenses** for the defendants if it found them guilty of bad faith or possessed of a wrongful intent. (See CR Appendix B, pp. 12b and 13b.) Since the jury found defenses to four (4) of Westinghouse's claims, it could not have found the defendants guilty of any bad faith or wrongful intent in any sense. (See CR Appendix B, pp. 12b-15b.)

Westinghouse appears to claim that it has a right to inconsistent verdicts **even if the verdicts are based upon errors of law**. As the District Court noted, "no such right exists." (CR Appendix B, p. 29b.) The United States Supreme Court has stated:

> "[W]here there is a view of the case that makes the jury's answers to special interrogatories consistent, they must be resolved that way . . . We therefor must attempt to reconcile the juries findings by exegesis if necessary. . . ."

Gallick v. Baltimore & O.R. Co., 372 U.S. 108, 119, 9 L.Ed.2d 618, 83 S.Ct. 659 (1963).

F. Westinghouse's Federal Rules of Civil Procedure Rule 50 Argument is Unavailable and Irrelevant

In a throwaway argument, Westinghouse fundamentally mischaracterizes the Courts' actions as a judgment as a matter of law. The District Court and the Ninth Circuit did not address this issue because it is irrelevant. It is well established that "a party who properly raises an issue of law before the case goes to the jury 'need not include the issue in a motion for a directed verdict in order to preserve the question on appeal.'" *Landes Constr. Co. v. Royal Bank of Canada*, 833 F.2d 1365, 1370 (9th Cir. 1987); *see also Jurgens v. McKasy*, 927 F.2d 1552, *cert. denied*, 502 U.S. 902, 116

L.Ed.2d. 232, 112 S.Ct. 281 (1991); 9 C. Wright and Miller, Federal Practice and Procedure, § 2540 at 617 (1971) (when the trial court denies a Rule 50 motion, both that denial "and errors of law in the trial may be raised on appeal".) *Ruyle v. Continental Oil Co.*, 44 F.3d 837, 841 (10th Cir. Okla. 1994), *cert. denied*, 133 L.Ed.2d 193, 116 S.Ct. 272, 64 U.S.L.W. 3248 (1995). In this case, respondents objected to the instructions and moved for directed verdicts.

Further, as discussed above, briefs objecting to the inconsistencies in the verdicts were submitted to the District Court. (CR Appendix B, p. 7b.)

The District Court eventually recognized an appealable error in the law submitted to the jury and exercised its inherent right and obligation to apply the correct law to render, if possible, the error harmless. This case cannot be argued as a Rule 50 problem, and even if it were, the outcome is in the respondents' favor.

CONCLUSION

There is no reason to grant Westinghouse's Petition for Writ of Certiorari because the Ninth Circuit's decision is limited in scope, consistent with precedent set by the United States Supreme Court, the decisions of other Circuits, the Federal Rules of Civil Procedure, and common sense. No new trial should be ordered to reach the inevitable result affirmed here. No other result comports with simple justice.

Dated: July 25, 1997.

Respectfully submitted,

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APPENDIX A

APPENDIX A

UNITED STATES CODE
TITLE 15. COMMERCE AND TRADE
CHAPTER 22 - TRADEMARKS

SUBCHAPTER III - GENERAL PROVISIONS

§ 1125. False designations of origin and false descriptions forbidden.

(a) Civil Action.

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which -

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic

origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

(2) As used in this subsection, the term "any person" includes any State, instrumentality of a State or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provision of this Act in the same manner and to the same extent as any nongovern-mental entity.

(b) Importation. Any goods marked or labeled in contravention of the provisions of this section shall not be imported into the United States or admitted to entry at any customhouse of the United States. The owner, importer, or consignee of goods refused entry at any customhouse under this section may have any recourse by protest or appeal that is given under the customs revenue laws or may have the remedy given by this Act in cases involving goods refused entry or seized.

(c) Remedies for dilution of famous marks.

(1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has

become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to -

(A) the degree of inherent or acquired distinctiveness of the mark;

(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

(C) the duration and extent of advertising and publicity of the mark;

(D) the geographical extent of the trading area in which the mark is used;

(E) the channels of trade for the goods or services with which the mark is used;

(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;

(G) the nature and extent of use of the same or similar marks by third parties; and

(H) whether the mark was registered

under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

(2) In an action brought under this subsection, the owner of the famous mark shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of the famous mark shall also be entitled to the remedies set forth in sections 35(a) and 36, subject to the discretion of the court and the principles of equity.

(3) The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.

(4) The following shall not be actionable under this section:

(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.

(B) Noncommercial use of a mark.

(C) All forms of news reporting and news commentary.

APPENDIX B

APPENDIX B

CALIFORNIA CODE
BUSINESS AND PROFESSIONS
SECTION 17200

§ 17200. Definition.

As used in this chapter, unfair competition shall mean and include any unlawful, unfair or fraudulent business act or practice and unfair, deceptive, untrue or misleading advertising and any act prohibited by Chapter 1 (commencing with Section 17500) of Part 3 of Division 7 of the Business and Professions Code.